

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jill Caltrider	President	2023
Jen Clemetson	Vice President	2021
Jason Tigges	Board Member	2023
Brandi Coil	Board Member	2021
Harry Light	Board Member	2023
Nyle Godwin	Board Member	2021
Laura Weber	Board Member	2021
<u>School Officials</u>		
Anthony Lohse	Co-Superintendent	June 30, 2021
Rusty Shockley	Co-Superintendent	June 30, 2021
Symantha Crawford	District Secretary/Treasurer	Indefinite

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jill Caltrider	President	2023
Jen Clemetson	Vice President	2021
Jason Tigges	Board Member	2023
Brandi Coil	Board Member	2021
Harry Light	Board Member	2023
Nyle Godwin	Board Member	2021
Laura Weber	Board Member	2021
<u>School Officials</u>		
Anthony Lohse	Co-Superintendent	June 30, 2021
Rusty Shockley	Co-Superintendent	June 30, 2021
Symantha Crawford	District Secretary/Treasurer	Indefinite



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Central Valley Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, Stuart, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District at June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 4 through 10 and 41 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards Required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2021 on our consideration of West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Central Valley Community School District's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
November 2, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$11,272,254 in fiscal 2020 to \$11,859,633 in fiscal 2021, while General Fund expenditures decreased from \$11,047,513 in fiscal 2020 to \$10,964,150 in fiscal 2021. The District's General Fund balance increased from \$1,956,863 in fiscal 2020 to \$2,876,200 in fiscal 2021, a 46.98% increase.
- The increase in General Fund revenues was primarily attributable to the increase in federal revenue. The decrease in expenditures was primarily due to the decrease in instruction expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Central Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report the West Central Valley Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which West Central Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds and the schedule of expenditures of federal awards.

Reporting the District's Financial Activities

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants. The District establishes other funds to control and manage money for purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District's Internal Service fund is used to account for health insurance.

The required financial statements for proprietary funds include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust and Custodial Funds, as follows:

Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

Custodial Funds – These are funds through which the District administers and accounts for certain fundraisers as a fiscal agent.

The District is responsible for ensuring assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-1 Condensed Statement of Net Position							
	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2021	2020	2021	2020	2021	2020	2020 -2021
Current and other assets	\$ 15,387,412	\$ 17,214,391	\$ 185,052	\$ 65,424	\$ 15,572,464	\$ 17,279,815	(9.88)%
Capital assets	<u>20,740,514</u>	<u>21,329,073</u>	<u>18,457</u>	<u>18,442</u>	<u>20,758,971</u>	<u>21,347,515</u>	(2.76)
Total assets	<u>36,127,926</u>	<u>38,543,464</u>	<u>203,509</u>	<u>83,866</u>	<u>36,331,435</u>	<u>38,627,330</u>	(5.94)
Deferred outflows of resources	<u>1,381,603</u>	<u>1,657,773</u>	<u>5,999</u>	<u>10,944</u>	<u>1,387,602</u>	<u>1,668,717</u>	(16.85)
Long-term liabilities	10,789,686	15,693,431	174,397	144,880	10,964,083	15,838,311	(30.78)
Other liabilities	<u>1,279,504</u>	<u>1,483,753</u>	<u>12,608</u>	<u>13,129</u>	<u>1,292,112</u>	<u>1,496,882</u>	(13.68)
Total liabilities	<u>12,069,190</u>	<u>17,177,184</u>	<u>187,005</u>	<u>158,009</u>	<u>12,256,195</u>	<u>17,335,193</u>	(29.30)
Deferred inflows of resources	<u>7,719,768</u>	<u>7,895,886</u>	<u>33,252</u>	<u>42,607</u>	<u>7,753,020</u>	<u>7,938,493</u>	(2.34)
Net position:							
Net investment in capital assets	15,590,011	10,474,073	18,457	18,442	15,608,468	10,492,515	48.76
Restricted	3,821,928	6,724,180	-	-	3,821,928	6,724,180	(43.16)
Unrestricted	<u>(1,691,368)</u>	<u>(2,070,086)</u>	<u>(29,206)</u>	<u>(124,248)</u>	<u>(1,720,574)</u>	<u>(2,194,334)</u>	21.59
Total net position	\$ <u>17,720,571</u>	\$ <u>15,128,167</u>	\$ <u>(10,749)</u>	\$ <u>(105,806)</u>	\$ <u>17,709,822</u>	\$ <u>15,022,361</u>	17.89

The District's total net position increased by 17.89%, or \$2,687,461, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,902,252, or 43.16% from the prior year. The decrease was primarily a result of the payoff of general obligation debt during the year ended June 30, 2021.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$473,760, or 21.59%. This increase in unrestricted net position was primarily a result of the increase in revenues.

Figure A-2 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-2 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		
	2021	2020	2021	2020	2021	2020	2020-2021
Revenues:							
Program revenues:							
Charges for services	\$ 295,298	\$ 422,967	\$ 45,494	\$ 125,633	\$ 340,792	\$ 548,600	(37.88)%
Operating grants, contributions and restricted interest	1,954,034	2,034,147	498,571	242,493	2,452,605	2,276,640	7.73
General revenues:							
Property tax	7,071,520	6,352,326	-	-	7,071,520	6,352,326	11.32
Instructional support surtax	269,974	295,086	-	-	269,974	295,086	(8.51)
Statewide sales, services and use tax	952,232	995,794	-	-	952,232	995,794	(4.37)
Unrestricted state grants	5,152,993	4,617,023	-	-	5,152,993	4,617,023	11.61
Unrestricted investment earnings	127,275	59,879	-	285	127,275	60,164	111.55
Other	51,641	6,582	-	-	51,641	6,582	654.58
Total revenues	<u>15,874,967</u>	<u>14,783,804</u>	<u>544,065</u>	<u>368,411</u>	<u>16,419,032</u>	<u>15,152,215</u>	8.36
Program expenses:							
Instruction	7,889,815	8,186,390	-	-	7,889,815	8,186,390	(3.62)
Support services	3,982,041	3,708,340	-	-	3,982,041	3,708,340	7.38
Non-instructional programs	-	-	449,008	370,480	449,008	370,480	21.20
Other expenses	<u>1,410,707</u>	<u>1,182,003</u>	<u>-</u>	<u>-</u>	<u>1,410,707</u>	<u>1,182,003</u>	19.35
Total expenses	<u>13,282,563</u>	<u>13,076,733</u>	<u>449,008</u>	<u>370,480</u>	<u>13,731,571</u>	<u>13,447,213</u>	2.11
Change in net position	2,592,404	1,707,071	95,057	(2,069)	2,687,461	1,705,002	57.62
Net position beginning of year	<u>15,128,167</u>	<u>13,421,096</u>	<u>(105,806)</u>	<u>(103,737)</u>	<u>15,022,361</u>	<u>13,317,359</u>	12.80
Net position end of year	\$ <u>17,720,571</u>	\$ <u>15,128,167</u>	\$ <u>(10,749)</u>	\$ <u>(105,806)</u>	\$ <u>17,709,822</u>	\$ <u>15,022,361</u>	17.89

In the fiscal year 2021 property tax, operating grants, contributions and restricted interest and unrestricted state grants accounted for 99.6% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of the revenue of the business type activities. The District's total revenues were approximately \$16.4 million, of which approximately \$15.9 million was for governmental activities and approximately \$0.50 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced an 8.36% increase in revenues and a 2.11% increase in expenses. Revenue and expenses were consistent with the prior year.

Governmental Activities

Revenues for governmental activities were \$15,874,967 and expenses were \$13,282,563 for the year ended June 30, 2021.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	June 30,		Total Change	June 30,		Total Change
	2021	2020	2020-2021	2021	2020	2020-2021
Instruction	\$ 7,889,815	\$ 8,186,390	3.62%	\$ 6,075,122	\$ 6,156,625	(13.24)%
Support services	3,982,041	3,708,340	7.38	3,982,041	3,708,340	7.38
Other expenses	1,410,707	1,182,003	19.35	976,068	754,654	29.34
Total expenses	\$ 13,282,563	\$ 13,076,733	15.74%	\$ 11,033,231	\$ 10,619,619	3.89%

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$295,298.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,954,034.
- The net cost of governmental activities was financed with \$8,293,726 in property and other taxes, \$5,152,993 in unrestricted state grants and \$178,916 of other revenue.

Business Type Activities

Revenues of the District's business type activities were \$544,065, representing a 47.68% increase from the prior year, while expenses were \$449,008, a 21.20% increase from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Central Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of \$6,065,040, a decrease from last year's ending combined fund balances of \$8,154,811. The primary reason for the decrease in combined fund balances was due to the increase in long-term debt expenditures.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors, with the largest change in being an increase in federal revenue. The District's General Fund balance increased from \$1,956,863 at June 30, 2020 to \$2,876,200 at June 30, 2021.
- The Debt Service Fund balance decreased from \$3,082,595 at the end of fiscal year 2020 to \$415,645 at the end of fiscal year 2021 due primarily to an increase in principal debt payments during the year.
- The Capital Projects Fund includes revenue from statewide sales, services and use tax, the physical plant and equipment property tax levy and other miscellaneous revenue. These revenue streams and the related expenditures are tracked separately in the District's accounting records but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects Fund will be used for future capital improvements and equipment purchases.

- The Statewide sales, services and use tax account balance decreased from \$2,542,194 as of June 30, 2020 to \$2,186,192 as of June 30, 2021. The decrease was related to an increase in transfers out.
- The Physical plant and equipment levy account balance increased from \$118,724 as of June 30, 2020 to \$128,519 as of June 30, 2021, primarily due to an increase in local tax.

Proprietary Fund Highlights

School Nutrition Fund net position increased from a deficit \$(105,806) at June 30, 2020, to a deficit \$(10,749) at June 30, 2021. The increase was primarily due to an increase in Federal revenue.

The Internal Service Fund net position decreased from \$291,027 as of June 30, 2020 to \$256,804 as of June 30, 2021. The decrease was a result of increased spending on premiums, claims, and fees.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Central Valley Community School District amended its budget one time to reflect additional expenditures in the support services, non-instructional programs and other expenditures functions.

The District's revenues were \$315,682 more than budgeted revenues, a variance of 1.97%. Federal revenue sources received were more than anticipated.

Total expenditures were more than budgeted, due to the District under budgeting other expenditures.

During the year ended June 30, 2021, expenditures exceeded amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$20,758,971 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This amount represents a net decrease of 2.76% from last year. More detailed information about the District's capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$692,727.

The decrease was primarily the result of continued depreciation on existing capital assets.

Figure A-4
Capital Assets, Net of Depreciation/Amortization

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2021	2020	2021	2020	2021	2020	2020-2021
Land	\$ 127,689	\$ 127,689	\$ -	\$ -	\$ 127,689	\$ 127,689	- %
Buildings and improvements	20,240,366	20,798,866	-	-	20,240,366	20,798,866	(2.69)
Furniture and equipment	<u>372,459</u>	<u>402,518</u>	<u>18,457</u>	<u>18,442</u>	<u>390,916</u>	<u>420,960</u>	(7.14)
Totals	\$ <u>20,740,514</u>	\$ <u>21,329,073</u>	\$ <u>18,457</u>	\$ <u>18,442</u>	\$ <u>20,758,971</u>	\$ <u>21,347,515</u>	(2.76) %

Long-Term Debt

At June 30, 2021, the District had long-term debt outstanding of \$5,249,000. This represents a decrease of 51.64% from last year. (See Figure A-5) Additional information about the District's long-term liability is available in Note 6 to the financial statements.

The decrease was the result of accelerated payments on existing bonds.

The constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding bonded obligation debt is significantly below its constitutional debt limit of approximately \$36 million.

Figure A-5
Outstanding Long-term Obligations

	<u>Total District</u>		<u>Total Change</u>	
	<u>2021</u>	<u>June 30, 2020</u>	<u>2020-2021</u>	
General obligation bonds	\$ 1,910,000	\$ 6,310,000	(69.73)	%
Revenue bonds	<u>3,339,000</u>	<u>4,545,000</u>	(26.53)	
Totals	\$ <u>5,249,000</u>	\$ <u>10,855,000</u>	(51.64)	%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District expects to see enrollment continue to stabilize and stay at a consistent level in the coming years.
- The District expects continued increases in property, worker's compensation and health insurance premiums, along with price increases for utilities, gas and other everyday expenditures which presents a concern for the District as it tries to control spending in the individual funds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Symantha Crawford, Business Manager, West Central Valley Community School District, 3299 White Pole Road, Stuart, IA 50250.

BASIC FINANCIAL STATEMENTS

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Exhibit A

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 7,286,851	\$ 152,148	\$ 7,438,999
Receivables:			
Property tax:			
Delinquent	39,691	-	39,691
Succeeding year	7,517,912	-	7,517,912
Due from (to) other funds	(168)	168	-
Due from other governments	543,126	26,965	570,091
Inventories	-	5,771	5,771
Capital assets, net of accumulated depreciation	20,740,514	18,457	20,758,971
TOTAL ASSETS	<u>36,127,926</u>	<u>203,509</u>	<u>36,331,435</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred loss on refunding bonds	161,984	-	161,984
OPEB-related deferred outflows	11,201	-	11,201
Pension related deferred outflows	1,208,418	5,999	1,214,417
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,381,603</u>	<u>5,999</u>	<u>1,387,602</u>
<u>LIABILITIES</u>			
Accounts payable	313,868	1,276	315,144
Salaries and benefits payable	946,766	-	946,766
Accrued interest payable	18,870	-	18,870
Unearned revenue	-	11,332	11,332
Long-term liabilities:			
Portion due within one year:			
General obligation bonds, net of unamortized premium	1,032,697	-	1,032,697
Compensated absences	13,650	-	13,650
Early retirement	26,290	-	26,290
Portion due after one year:			
General obligation bonds, net of unamortized premium	940,790	-	940,790
Revenue bonds	3,339,000	-	3,339,000
Net pension liability	5,190,226	167,594	5,357,820
Total OPEB liability	247,033	6,803	253,836
TOTAL LIABILITIES	<u>12,069,190</u>	<u>187,005</u>	<u>12,256,195</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable property tax revenue	7,517,912	-	7,517,912
Pension related deferred inflows	201,856	33,252	235,108
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,719,768</u>	<u>33,252</u>	<u>7,753,020</u>
<u>NET POSITION</u>			
Net investment in capital assets	15,590,011	18,457	15,608,468
Restricted for:			
Categorical funding	633,088	-	633,088
Debt service	415,645	-	415,645
School infrastructure	2,186,192	-	2,186,192
Physical plant and equipment	128,519	-	128,519
Management levy purposes	384,248	-	384,248
Student activities	74,236	-	74,236
Unrestricted	(1,691,368)	(29,206)	(1,720,574)
TOTAL NET POSITION	\$ <u>17,720,571</u>	\$ <u>(10,749)</u>	\$ <u>17,709,822</u>

See Notes to Financial Statements

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating Grants,</u>
	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>
			<u>and Restricted</u>
			<u>Interest</u>
<u>FUNCTIONS/PROGRAMS:</u>			
Governmental activities:			
Instruction:			
Regular instruction	\$ 4,619,954	\$ 142,251	\$ 1,270,519
Special instruction	1,800,220	3,015	160,711
Other instruction	<u>1,469,641</u>	<u>150,032</u>	<u>88,165</u>
	<u>7,889,815</u>	<u>295,298</u>	<u>1,519,395</u>
Support services:			
Student	180,721	-	-
Instructional staff	674,536	-	-
Administration	1,230,773	-	-
Operation and maintenance of plant	1,115,814	-	-
Transportation	<u>780,197</u>	<u>-</u>	<u>-</u>
	<u>3,982,041</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Long-term debt interest and fiscal charges	561,338	-	-
AEA flow through	434,639	-	434,639
Depreciation (unallocated)*	<u>414,730</u>	<u>-</u>	<u>-</u>
	<u>1,410,707</u>	<u>-</u>	<u>434,639</u>
Total governmental activities	<u>13,282,563</u>	<u>295,298</u>	<u>1,954,034</u>
Business type activities:			
Non-instructional programs:			
Food service operations	<u>449,008</u>	<u>45,494</u>	<u>498,571</u>
Total business type activities	<u>449,008</u>	<u>45,494</u>	<u>498,571</u>
Total	\$ <u>13,731,571</u>	\$ <u>340,792</u>	\$ <u>2,452,605</u>

GENERAL REVENUES:

Property tax levied for:

- General purposes
- Management levy
- Debt service
- Capital outlay

Instructional support surtax

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

 Total general revenues

Changes in net position

Net position - Beginning of year

Net position - End of year

* This amount excludes the depreciation included in the direct expenses of various programs

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (3,207,184)	\$ -	\$ (3,207,184)
(1,636,494)	-	(1,636,494)
<u>(1,231,444)</u>	<u>-</u>	<u>(1,231,444)</u>
<u>(6,075,122)</u>	<u>-</u>	<u>(6,075,122)</u>
(180,721)	-	(180,721)
(674,536)	-	(674,536)
(1,230,773)	-	(1,230,773)
(1,115,814)	-	(1,115,814)
<u>(780,197)</u>	<u>-</u>	<u>(780,197)</u>
<u>(3,982,041)</u>	<u>-</u>	<u>(3,982,041)</u>
(561,338)	-	(561,338)
-	-	-
<u>(414,730)</u>	<u>-</u>	<u>(414,730)</u>
<u>(976,068)</u>	<u>-</u>	<u>(976,068)</u>
<u>(11,033,231)</u>	<u>-</u>	<u>(11,033,231)</u>
-	95,057	95,057
-	95,057	95,057
<u>(11,033,231)</u>	<u>95,057</u>	<u>(10,938,174)</u>
4,387,195	-	4,387,195
303,390	-	303,390
2,201,550	-	2,201,550
179,385	-	179,385
269,974	-	269,974
952,232	-	952,232
5,152,993	-	5,152,993
127,275	-	127,275
<u>51,641</u>	<u>-</u>	<u>51,641</u>
<u>13,625,635</u>	<u>-</u>	<u>13,625,635</u>
2,592,404	95,057	2,687,461
<u>15,128,167</u>	<u>(105,806)</u>	<u>15,022,361</u>
\$ <u>17,720,571</u>	\$ <u>(10,749)</u>	\$ <u>17,709,822</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Cash, cash equivalents and pooled investments	\$ 3,935,653	\$ 403,296	\$ 2,233,966	\$ 457,132	\$ 7,030,047
Receivables:					
Property tax:					
Delinquent	24,030	12,949	1,055	1,657	39,691
Succeeding year	4,768,682	1,950,203	199,027	600,000	7,517,912
Due from other governments	463,436	-	79,690	-	543,126
TOTAL ASSETS	\$ 9,191,801	\$ 2,366,448	\$ 2,513,738	\$ 1,058,789	\$ 15,130,776
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 312,963	\$ 600	\$ -	\$ 305	\$ 313,868
Salaries and benefits payable	946,766	-	-	-	946,766
Due to other funds	168	-	-	-	168
TOTAL LIABILITIES	1,259,897	600	-	305	1,260,802
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenues:					
Succeeding year property tax	4,768,682	1,950,203	199,027	600,000	7,517,912
Instructional support surtax	287,022	-	-	-	287,022
TOTAL DEFERRED INFLOWS OF RESOURCES	5,055,704	1,950,203	199,027	600,000	7,804,934
<u>FUND BALANCES:</u>					
Restricted for:					
Categorical funding	633,088	-	-	-	633,088
Debt service	-	415,645	-	-	415,645
School infrastructure	-	-	2,186,192	-	2,186,192
Physical plant and equipment	-	-	128,519	-	128,519
Management levy purposes	-	-	-	384,248	384,248
Student activities	-	-	-	74,236	74,236
Unassigned	2,243,112	-	-	-	2,243,112
TOTAL FUND BALANCES	2,876,200	415,645	2,314,711	458,484	6,065,040
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,191,801	\$ 2,366,448	\$ 2,513,738	\$ 1,058,789	\$ 15,130,776

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2021

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS

\$ 6,065,040

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

20,740,514

An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

256,804

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(18,870)

Instructional support surtax receivable is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.

287,022

Pension and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Pension-related deferred outflows of resources
 Pension-related deferred inflows of resources
 OPEB-related deferred outflows of resources

\$ 1,208,418
 (201,856)
11,201

1,017,763

Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds, as follows:

General obligation bonds \$ (1,910,000)
 Revenue bonds (3,339,000)
 Deferred loss on refunding bonds 161,984
 Unamortized premium on bonds payable (63,487)
 Compensated absences (13,650)
 Early retirement (26,290)
 Net pension liability (5,190,226)
 Total OPEB liability (247,033)

(10,627,702)NET POSITION OF GOVERNMENTAL ACTIVITIES\$ 17,720,571

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
REVENUES:					
Local sources:					
Local tax	\$ 4,657,169	\$ 2,201,006	\$ 179,341	\$ 303,306	\$ 7,340,822
Tuition	145,266	-	-	-	145,266
Other	144,326	122,462	640	130,456	397,884
State sources	6,068,620	57,580	956,924	5,837	7,088,961
Federal sources	844,252	-	-	-	844,252
Total revenues	<u>11,859,633</u>	<u>2,381,048</u>	<u>1,136,905</u>	<u>439,599</u>	<u>15,817,185</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	4,485,612	-	26,278	127,798	4,639,688
Special	1,755,112	-	-	-	1,755,112
Other	1,172,430	-	-	136,159	1,308,589
	<u>7,413,154</u>	<u>-</u>	<u>26,278</u>	<u>263,957</u>	<u>7,703,389</u>
Support services:					
Student	174,277	-	-	-	174,277
Instructional staff	660,293	-	-	-	660,293
Administration	1,002,578	-	46,248	-	1,048,826
Operation and maintenance of plant	792,828	-	9,137	142,896	944,861
Transportation	486,381	-	-	28,697	515,078
	<u>3,116,357</u>	<u>-</u>	<u>55,385</u>	<u>171,593</u>	<u>3,343,335</u>
Other expenditures:					
Facilities acquisition	-	-	447,167	-	447,167
Long-term debt:					
Principal	-	9,326,000	-	-	9,326,000
Interest and fiscal charges	-	396,280	-	-	396,280
AEA flow through	434,639	-	-	-	434,639
Total other expenditures	<u>434,639</u>	<u>9,722,280</u>	<u>447,167</u>	<u>-</u>	<u>10,604,086</u>
Total expenditures	<u>10,964,150</u>	<u>9,722,280</u>	<u>528,830</u>	<u>435,550</u>	<u>21,650,810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>895,483</u>	<u>(7,341,232)</u>	<u>608,075</u>	<u>4,049</u>	<u>(5,833,625)</u>
Other financing sources (uses):					
Transfer in	-	954,282	-	-	954,282
Transfer out	-	-	(954,282)	-	(954,282)
Proceeds from sale of property	23,854	-	-	-	23,854
Bond issuance	-	3,720,000	-	-	3,720,000
Total other financing sources (uses)	<u>23,854</u>	<u>4,674,282</u>	<u>(954,282)</u>	<u>-</u>	<u>3,743,854</u>
Change in fund balances	919,337	(2,666,950)	(346,207)	4,049	(2,089,771)
FUND BALANCES - Beginning of year	<u>1,956,863</u>	<u>3,082,595</u>	<u>2,660,918</u>	<u>454,435</u>	<u>8,154,811</u>
FUND BALANCES - End of year	<u>\$ 2,876,200</u>	<u>\$ 415,645</u>	<u>\$ 2,314,711</u>	<u>\$ 458,484</u>	<u>\$ 6,065,040</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ (2,089,771)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense for the year are as follows:

Expenditures for capital outlays	\$ 100,355	
Depreciation expense	<u>(688,915)</u>	(588,560)

An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position of the internal service fund is reported in governmental activities in the statement of activities.

(34,223)

Instructional support surtax not collected for several months after year end is not considered available revenue and is recognized as a deferred inflow of resources in the governmental funds.

33,928

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year payments exceeded issuances, as follows:

Repaid	9,326,000	
Issued	<u>(3,720,000)</u>	5,606,000

Amortization of the premium on bonds payable and deferred loss on refunding bonds did not provide or use current financial resources of the governmental funds but it decreases deferred outflows of resources and liabilities in the statement of net position as follows:

Amortization of deferred loss on refunding bonds	(373,156)	
Amortization of premium on bonds payable	<u>146,735</u>	(226,421)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

61,363

The current year District employer share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the statement of net position.

541,892

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	246	
Early retirement	65,616	
Pension expense	(725,096)	
OPEB expense	<u>(52,570)</u>	<u>(711,804)</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES\$ 2,592,404

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Exhibit G

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Enterprise School Nutrition</u>	<u>Non-Major Internal Service Self- Insurance</u>
<u>ASSETS</u>		
Cash, cash equivalents and pooled investments	\$ 152,148	\$ 256,804
Due from other funds	168	-
Due from other governments	26,965	-
Inventories	5,771	-
Capital assets, net of accumulated depreciation	<u>18,457</u>	<u>-</u>
TOTAL ASSETS	<u>203,509</u>	<u>256,804</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension related deferred outflows	<u>5,999</u>	<u>-</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	1,276	-
Unearned revenue	<u>11,332</u>	<u>-</u>
Total current liabilities	<u>12,608</u>	<u>-</u>
Noncurrent liabilities:		
Net pension liability	167,594	-
Total OPEB liability	<u>6,803</u>	<u>-</u>
Total noncurrent liabilities	<u>174,397</u>	<u>-</u>
TOTAL LIABILITIES	<u>187,005</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension related deferred inflows	<u>33,252</u>	<u>-</u>
<u>NET POSITION</u>		
Net investment in capital assets	18,457	-
Unrestricted	<u>(29,206)</u>	<u>256,804</u>
TOTAL NET POSITION	\$ <u>(10,749)</u>	\$ <u>256,804</u>

See Notes to Financial Statements

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Enterprise School Nutrition</u>	<u>Non-Major Internal Service Self- Insurance</u>
<u>OPERATING REVENUES:</u>		
Local sources:		
Charges for services	\$ 45,494	\$ -
Self-insurance contributions	-	688,379
Total operating revenues	<u>45,494</u>	<u>688,379</u>
<u>OPERATING EXPENSES:</u>		
Non-Instructional Programs:		
Food service operations:		
Salaries	145,227	-
Benefits	73,367	-
Purchased services	115	-
Supplies	226,440	-
Depreciation	3,812	-
Other	47	-
Self-insurance premiums, claims and fees	-	722,602
Total operating expenses	<u>449,008</u>	<u>722,602</u>
OPERATING LOSS	<u>(403,514)</u>	<u>(34,223)</u>
<u>NON-OPERATING REVENUES:</u>		
State sources	4,036	-
Federal sources	494,535	-
Total non-operating revenues	<u>498,571</u>	<u>-</u>
Change in net position	95,057	(34,223)
<u>NET POSITION</u> - Beginning of year	<u>(105,806)</u>	<u>291,027</u>
<u>NET POSITION</u> - End of year	\$ <u>(10,749)</u>	\$ <u>256,804</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>	Non-Major Internal Service <u>Self-</u> <u>Insurance</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from sale of lunches and breakfasts	\$ 43,935	\$ -
Cash received from assessments made to other funds	-	688,379
Cash payments to employees for services	(198,699)	-
Cash payments to suppliers for goods or services	(214,046)	-
Cash paid for self-insurance premiums, claims and fees	-	(722,602)
NET CASH USED IN OPERATING ACTIVITIES	<u>(368,810)</u>	<u>(34,223)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>		
State grants received	4,037	-
Federal grants received	463,673	-
Purchase of capital assets	(3,827)	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>463,883</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	 95,073	 (34,223)
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	<u>57,075</u>	<u>291,027</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	\$ <u>152,148</u>	\$ <u>256,804</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>		
Operating loss	\$ (403,514)	\$ (34,223)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	30,862	-
Depreciation	3,812	-
Changes in assets and liabilities:		
Decrease in inventories	2,410	-
Increase in accounts receivable	(26,965)	-
Decrease in deferred outflows of resources	4,945	-
Increase in accounts payable	1,276	-
Decrease in unearned revenue	(1,559)	-
Increase in net pension liability	29,260	-
Increase in OPEB liability	256	-
Decrease in deferred inflows of resources	(9,593)	-
Net cash used in operating activities	\$ <u>(368,810)</u>	\$ <u>(34,223)</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2020, the District received Federal commodities valued at \$30,862.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust Scholarship	Custodial
<u>ASSETS</u>		
Cash, cash equivalents and pooled investments	\$ 207,584	\$ 671
<u>LIABILITIES</u>		
None	-	-
<u>NET POSITION</u>		
Restricted for scholarships	207,584	-
Restricted for other organizations	-	671
TOTAL NET POSITION	207,584	671
TOTAL LIABILITIES AND NET POSITION	\$ 207,584	\$ 671

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITIONFIDUCIARY FUNDSYEAR ENDED JUNE 30, 2021

	<u>Private Purpose Trust Scholarship</u>	<u>Custodial</u>
Additions:		
Local sources		
Contributions	\$ 1,000	\$ 2,081
Interest income	3,061	-
Total additions	<u>4,061</u>	<u>2,081</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded	3,300	-
Student payments	-	2,109
Total deductions	<u>3,300</u>	<u>2,109</u>
Change in Net Position	761	(28)
<u>NET POSITION</u> - Beginning of year	<u>206,823</u>	<u>699</u>
<u>NET POSITION</u> - End of year	\$ <u>207,584</u>	\$ <u>671</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Stuart, Menlo, Dexter, and Redfield, Iowa, and the predominately agricultural territory in a portion of Adair, Dallas, and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Central Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The West Central Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adair, Dallas and Guthrie County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenue to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary funds are the School Nutrition Fund, a major enterprise fund, used to account for the food service operations of the District and the Self-Insurance Fund, an internal service fund, used to account for the partially self-funded health insurance plan operated by the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Custodial Fund is used to account for funds that the District administers for student activity fundraisers as a fiscal agent.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balances and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on the January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2020.

Due from Other Governments – Due from other governments represent amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings and improvements	5,000
Intangibles	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50 years
Intangibles	5-10 years
Furniture and equipment	5-20 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity's column in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of long-term debt interest and fiscal charges using the straight-line method.

Termination Benefits – The District offers a voluntary early retirement plan to its certified employees, who meet certain eligibility requirements including fifteen years of consecutive service to the District. Employees must have completed an application, which was required to be approved by the Board of Education on or before March 21st of each year. Early retirement benefits are paid in three lump sum payments based upon individual employee's salary and benefits. Benefits will be paid out in three equal installments payable in fiscal years 2021 and 2022 respectively. Early retirement benefits paid during the year ended June 30, 2021 totaled \$65,617 and the District had a total liability of \$26,290 at June 30, 2021.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the West Central Valley Community School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized, since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, and the unrecognized items not yet charged to pension expense.

Fund Balance– In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures exceeded amounts budgeted in the other expenditures function and the District did not exceed its General Fund unspent authorized budget.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2021, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio (ISJIT) which are valued at amortized cost of \$1,764,743. There were no restrictions or limitations on withdrawals of the ISJIT investments. The investments in the ISJIT were rated AAAM by Standard & Poor's Financial Service.

NOTE 3: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables as of June 30, 2021 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Enterprise		
School Nutrition	General	\$ <u>168</u>

The balances were related to various reimbursements not made before year end and are to be repaid by June 30, 2022.

NOTE 4: INTERFUND TRANSFERS

The detail of interfund transfers at June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt service	Capital Projects	\$ <u>954,282</u>

Transfers generally move revenue from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 127,689	\$ -	\$ -	\$ 127,689
Capital assets being depreciated:				
Buildings and improvements	28,525,520	-	-	28,525,520
Furniture and equipment	<u>2,247,868</u>	<u>100,355</u>	-	<u>2,348,223</u>
Total capital assets being depreciated	<u>30,773,388</u>	<u>100,355</u>	-	<u>30,873,743</u>
Less accumulated depreciation for:				
Buildings and improvements	7,726,653	558,500	-	8,285,153
Furniture and equipment	<u>1,845,350</u>	<u>130,415</u>	-	<u>1,975,765</u>
Total accumulated depreciation	<u>9,572,003</u>	<u>688,915</u>	-	<u>10,260,918</u>
Total capital assets being depreciated, net	<u>21,201,385</u>	<u>(588,560)</u>	-	<u>20,612,825</u>
Governmental activities capital assets, net	\$ <u>21,329,074</u>	\$ <u>(588,560)</u>	\$ -	\$ <u>20,740,514</u>
Business-type activities:				
Furniture and equipment	\$ 196,896	\$ 3,827	\$ -	\$ 200,723
Less accumulated depreciation	<u>178,454</u>	<u>3,812</u>	-	<u>182,266</u>
Business-type activities capital assets, net	\$ <u>18,442</u>	\$ <u>15</u>	\$ -	\$ <u>18,457</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 11,518
Other	142,734
Support services:	
Instructional staff	10,332
Operation and maintenance of plant	7,087
Transportation	102,514
Unallocated depreciation	<u>414,730</u>
Total governmental activities depreciation expense	\$ <u>688,915</u>
Business-type activities:	
Food service operations	\$ <u>3,812</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

	<u>Balance Beginning of Year</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance End of Year</u>		<u>Due Within One Year</u>
Governmental activities:									
General obligation bonds	\$ 6,310,000	\$	-	\$	4,400,000	\$	1,910,000	\$	1,020,000
Revenue bonds	4,545,000		3,720,000		4,926,000		3,339,000		-
Unamortized premium on bonds payable	210,222		-		146,735		63,487		7,936
Compensated absences	13,896		13,650		13,896		13,650		13,650
Early retirement	91,907		-		65,617		26,290		26,290
Net pension liability	4,284,661		905,565		-		5,190,226		-
Total OPEB liability	<u>237,745</u>		<u>9,288</u>		<u>-</u>		<u>247,033</u>		<u>-</u>
Total	\$ <u>15,693,431</u>	\$	\$ <u>4,648,503</u>	\$	\$ <u>9,552,248</u>	\$	\$ <u>10,789,686</u>	\$	\$ <u>1,067,876</u>
Business type activities:									
Net pension liability	\$ 138,334	\$	29,260	\$	-	\$	167,594	\$	-
Total OPEB liability	<u>6,546</u>		<u>257</u>		<u>-</u>		<u>6,803</u>		<u>-</u>
Total	\$ <u>144,880</u>	\$	\$ <u>29,517</u>	\$	\$ <u>-</u>	\$	\$ <u>174,397</u>	\$	\$ <u>-</u>

General Obligation Bonds

Details of the District's June 30, 2021 general obligation indebtedness are as follows:

Bond dated May 1, 2016

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.00%	\$ 1,020,000	\$ 75,019	\$ 1,095,019
2023	2.00	890,000	82,418	972,418
2024	2.00	-	60,703	60,703
2025	2.13	-	37,181	37,181
2026	2.25	<u>-</u>	<u>12,487</u>	<u>12,487</u>
Total		\$ <u>1,910,000</u>	\$ <u>267,808</u>	\$ <u>2,177,808</u>

During the year ended June 30, 2021, the District retired \$4,400,000 of general obligation bonds.

The District has been levying additional property tax in the Debt Service Fund beyond their annual debt service requirements to create a reserve to be used to early retire general obligation bonds and reduce future interest expense.

Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded indebtedness are as follows:

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: LONG-TERM LIABILITIES (Continued)

Revenue Bonds (Continued)

<u>Bond dated July 2, 2020</u>				
<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.00%	\$ -	\$ 66,780	\$ 455,780
2023	2.00	389,000	59,000	456,000
2024	2.00	397,000	51,060	456,060
2025	2.00	405,000	42,960	455,960
2026	2.00	413,000	34,700	455,700
2027-2029	2.00	<u>1,735,000</u>	<u>52,920</u>	<u>1,366,920</u>
Total		\$ <u>3,339,000</u>	\$ <u>307,420</u>	\$ <u>3,646,420</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,720,000 of bonds issued in July 2020. The bonds were issued for the purpose of financing a portion of the costs of an addition to the school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 55% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,646,420. For the current year, \$381,000 of principal and \$37,200 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$952,232.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project to be used for any lawful purpose.

The District was in compliance with all the revenue bond provisions during the year ended June 30, 2021.

NOTE 7: PENSION PLAN – IPERS

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payrolls based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$559,401.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$5,357,820 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was .076806%, which was an increase of .000934% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$786,344. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,919	\$ 126,994
Changes of assumptions	275,015	-
Net difference between projected and actual earnings on IPERS' investments	301,195	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	72,887	108,114
District contributions subsequent to the measurement date	<u>559,401</u>	<u>-</u>
Total	\$ <u>1,214,417</u>	\$ <u>235,108</u>

\$559,401 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2022	\$ 31,825
2023	86,396
2024	111,666
2025	186,638
2026	<u>3,383</u>
	\$ <u>419,908</u>

There were no non-employer contributing entities at IPERS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of Inflation (effective June 30, 2017)	2.60% annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	4.43 %
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 8,933,714	\$ 5,357,820	\$ 2,359,489

IPERS' Fiduciary Net Position – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2021, the District reported payables to IPERS of \$35,584 for legally required employer contributions and \$23,710 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>89</u>
Total	<u>98</u>

Total OPEB Liability – The District's total OPEB liability of \$253,836 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2021)	2.75% per annum.
Rates of salary increase (effective June 30, 2021)	0.00% per annum, including inflation
Discount rate (effective June 30, 2021)	2.37% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	6.00% per annum
Claim cost trend rate (effective June 30, 2021)	7.30% per annum

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 2.37% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	
Total OPEB liability beginning of year	\$	<u>244,291</u>
Changes for the year:		
Service Cost		24,608
Interest		5,842
Changes in assumptions		18,419
Recognition deferred inflow/outflows		(7,100)
Benefit payments		<u>(32,224)</u>
Net changes		<u>9,545</u>
Total OPEB liability end of year	\$	<u>253,836</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.37%) or 1% higher (3.37%) than the current discount rate.

	1% Decrease <u>(1.37%)</u>	Discount Rate <u>(2.37%)</u>	1% Increase <u>(3.37%)</u>
Total OPEB liability	\$ 256,374	\$ 253,836	\$ 251,298

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease <u>(5.00%)</u>	Healthcare Cost Trend Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Total OPEB liability	\$ 232,158	\$ 253,836	\$ 274,436

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$34,396. As of June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

	<u>Deferred outflows of resources</u>
Differences between expected and actual experience	\$ <u>11,201</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,032
2023	1,032
2024	1,032
2025	1,032
2026	1,032
Thereafter	<u>6,041</u>
Total	\$ <u>11,201</u>

NOTE 9: RISK MANAGEMENT

West Central Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$434,639 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 11: CATEGORICAL FUNDING

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 11: CATEGORICAL FUNDING (Continued)

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2021:

<u>Program</u>	<u>Amount</u>
Limited english proficiency	\$ 12,455
At-risk	199,977
Beginning teacher mentoring and induction	6,048
STEM scale up	1,562
Carl Perkins	46,802
Successful progression for early readers	21,480
Home school assistance program	1,411
Teacher leadership supplement	343,353
Total	\$ <u>633,088</u>

NOTE 12: TAX ABATEMENTS

Governmental Accounting Standards Board Statements No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities – Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenue of the District were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax abatement program</u>	<u>Amount of tax abated</u>
City of Stuart	Urban Renewal and Economic Development Projects	\$ 23,425

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, \$13,832 was reimbursed to the District.

NOTE 13: DEFICIT BALANCE

The District reported a business-type activities and Student Nutrition Fund deficit net position of \$(10,749) as of June 30, 2021 primarily due to the net pension liability and pension-related deferred outflows and inflows of resources.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 14: COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of West Central Valley Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of West Central Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to West Central Community School District.

NOTE 15: PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 2, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

	Governmental Funds <u>Actual</u>	Actual Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
<u>REVENUES:</u>			
Local sources	\$ 7,883,972	\$ 45,494	\$ 7,929,466
State sources	7,088,961	4,036	7,092,997
Federal sources	<u>844,252</u>	<u>494,535</u>	<u>1,338,787</u>
Total revenues	<u>15,817,185</u>	<u>544,065</u>	<u>16,361,250</u>
<u>EXPENDITURES/EXPENSES:</u>			
Instruction	7,703,389	-	7,703,389
Support services	3,343,335	-	3,343,335
Non-instructional programs	-	449,008	449,008
Other expenditures	<u>10,604,086</u>	<u>-</u>	<u>10,604,086</u>
Total expenditures/expenses	<u>21,650,810</u>	<u>449,008</u>	<u>22,099,818</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(5,833,625)	95,057	(5,738,568)
Other financing sources, net	<u>3,743,854</u>	<u>-</u>	<u>3,743,854</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(2,089,771)	95,057	(1,994,714)
<u>BALANCE - Beginning of year</u>	<u>8,154,811</u>	<u>(105,806)</u>	<u>8,049,005</u>
<u>BALANCE - End of year</u>	\$ <u>6,065,040</u>	\$ <u>(10,749)</u>	\$ <u>6,054,291</u>

See Accompanying Independent Auditor's Report

<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 8,120,551	\$ 8,120,551	\$ (191,085)
7,149,810	7,149,810	(56,813)
<u>775,207</u>	<u>775,207</u>	<u>563,580</u>
<u>16,045,568</u>	<u>16,045,568</u>	<u>315,682</u>
8,316,219	8,316,219	612,830
3,498,607	3,750,000	406,665
333,310	500,000	50,992
<u>1,985,742</u>	<u>7,000,000</u>	<u>(3,604,086)</u>
<u>14,133,878</u>	<u>19,566,219</u>	<u>(2,533,599)</u>
1,911,690	(3,520,651)	(2,217,917)
<u>4,651</u>	<u>4,651</u>	<u>3,739,203</u>
1,916,341	(3,516,000)	1,521,286
<u>8,374,486</u>	<u>8,374,486</u>	<u>-</u>
\$ <u>10,290,827</u>	\$ <u>4,858,486</u>	\$ <u>1,521,286</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service Funds, Private Purpose Trust Funds and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a modified accrual basis of accounting.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2021, the District adopted one budget amendment, increasing budgeted expenditures by \$5,432,341.

During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the other expenditures function and the District did not exceed its General Fund unspent authorized budget.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN FISCAL YEARS*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.076806 %	0.075872 %
District's proportionate share of the net pension liability	\$ 5,357,825	\$ 4,422,995
District's covered payroll	\$ 5,963,660	\$ 5,811,092
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.84 %	76.11 %
IPERS' net position as a percentage of the total pension liability	82.90 %	85.45 %

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as a June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.075201 %	0.077307 %	0.080455 %	0.081236 %	0.079627 %
\$ 4,757,384 \$	5,149,650 \$	5,063,306 \$	4,013,428 \$	3,222,562
\$ 5,650,000 \$	5,774,000 \$	5,772,000 \$	5,565,000 \$	5,317,000
84.20 %	89.19 %	87.72 %	72.12 %	60.61 %
83.62 %	82.21 %	81.82 %	85.19 %	87.61 %

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 559,401	\$ 571,404	\$ 504,568
Contributions in relation to the statutorily required contribution	<u>(559,401)</u>	<u>(571,404)</u>	<u>(504,568)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 5,963,660	\$ 6,053,008	\$ 5,811,092
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 256,723	\$ 255,085	\$ 249,298	\$ 235,611	\$ 231,774	\$ 220,513	\$ 198,737
<u>(256,723)</u>	<u>(255,085)</u>	<u>(249,298)</u>	<u>(235,611)</u>	<u>(231,774)</u>	<u>(220,513)</u>	<u>(198,737)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 5,650,000	\$ 5,774,000	\$ 5,772,000	\$ 5,565,000	\$ 5,317,000	\$ 5,293,000	\$ 5,265,000
8.93 %	8.93 %	8.93 %	8.93 %	8.93 %	8.67 %	8.06 %

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST FOUR YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 24,608	\$ 21,697	\$ 17,181	\$ 17,222
Interest cost	5,842	8,205	8,138	8,103
Differences between expected and actual experience	11,319	40,087	(9,838)	(10,471)
Benefit payments	<u>(32,224)</u>	<u>(35,555)</u>	<u>(13,596)</u>	<u>(14,036)</u>
Net change in total OPEB liability	9,545	34,434	1,885	818
Total OPEB liability, beginning of year	<u>244,291</u>	<u>209,857</u>	<u>207,972</u>	<u>207,153</u>
Total OPEB liability end of year	\$ <u>253,836</u>	\$ <u>244,291</u>	\$ <u>209,857</u>	\$ <u>207,971</u>
Covered payroll	\$ <u>5,837,000</u>	\$ <u>5,794,000</u>	\$ <u>5,433,000</u>	\$ <u>5,719,000</u>
Total OPEB liability as a percentage of covered payroll	4.35 %	4.22 %	3.86 %	3.64 %

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.37%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE 1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Special Revenue Funds</u>		
	<u>Management</u>	<u>Student</u>	
<u>ASSETS</u>	<u>Levy</u>	<u>Activity</u>	<u>Total</u>
Cash, cash equivalents and pooled investments	\$ 382,591	\$ 74,541	\$ 457,132
Receivables:			
Property tax:			
Delinquent	1,657	-	1,657
Succeeding year	<u>600,000</u>	<u>-</u>	<u>600,000</u>
TOTAL ASSETS	\$ <u>984,248</u>	\$ <u>74,541</u>	\$ <u>1,058,789</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF</u> <u>RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 305	\$ 305
 <u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	<u>600,000</u>	<u>-</u>	<u>600,000</u>
 <u>FUND BALANCES:</u>			
Restricted for:			
Management levy purposes	384,248	-	384,248
Student activities	<u>-</u>	<u>74,236</u>	<u>74,236</u>
Total fund balances	<u>384,248</u>	<u>74,236</u>	<u>458,484</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>984,248</u>	\$ <u>74,541</u>	\$ <u>1,058,789</u>

SCHEDULE 2

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue Funds</u>		
	<u>Management</u>	<u>Student</u>	
	<u>Levy</u>	<u>Activity</u>	<u>Total</u>
<u>REVENUES:</u>			
Local sources:			
Local tax	\$ 303,306	\$ -	\$ 303,306
Other	145	130,311	130,456
State sources	5,837	-	5,837
Total revenues	<u>309,288</u>	<u>130,311</u>	<u>439,599</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction:			
Regular	127,764	34	127,798
Other	10,161	125,998	136,159
Support services:			
Operation and maintenance of plant	142,896	-	142,896
Transportation	28,697	-	28,697
Total expenditures	<u>309,518</u>	<u>126,032</u>	<u>435,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(230)</u>	<u>4,279</u>	<u>4,049</u>
<u>FUND BALANCES</u> - Beginning of year	<u>384,478</u>	<u>69,957</u>	<u>454,435</u>
<u>FUND BALANCES</u> - End of year	\$ <u>384,248</u>	\$ <u>74,236</u>	\$ <u>458,484</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE 3

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2021

	<u>Capital Projects</u>		<u>Total</u>
	<u>Statewide Sales, Services and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 2,106,502	\$ 127,464	\$ 2,233,966
Receivables:			
Property tax:			
Delinquent	-	1,055	1,055
Succeeding year	-	199,027	199,027
Due from other governments	<u>79,690</u>	<u>-</u>	<u>79,690</u>
TOTAL ASSETS	\$ <u>2,186,192</u>	\$ <u>327,546</u>	\$ <u>2,513,738</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
None	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	<u>-</u>	<u>199,027</u>	<u>199,027</u>
<u>FUND BALANCES:</u>			
Restricted for:			
School infrastructure	<u>2,186,192</u>	<u>-</u>	<u>2,186,192</u>
Physical plant and equipment	<u>-</u>	<u>128,519</u>	<u>128,519</u>
TOTAL FUND BALANCES	<u>2,186,192</u>	<u>128,519</u>	<u>2,314,711</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>2,186,192</u>	\$ <u>327,546</u>	\$ <u>2,513,738</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 179,341	\$ 179,341
Other	640	-	640
State sources	952,232	4,692	956,924
Total revenues	952,872	184,033	1,136,905
Expenditures:			
Current:			
Instruction:			
Regular	-	26,278	26,278
Support services:			
Administration	2,425	43,823	46,248
Operation of maintenance and plant	-	9,137	9,137
Total support services	2,425	52,960	55,385
Other expenditures:			
Facilities acquisition	352,167	95,000	447,167
Total expenditures	354,592	174,238	528,830
Excess of revenues over expenditures	598,280	9,795	608,075
Other financing uses:			
Transfers out	(954,282)	-	(954,282)
Total other financing uses	(954,282)	-	(954,282)
Change in fund balances	(356,002)	9,795	(346,207)
FUND BALANCES - Beginning of year	2,542,194	118,724	2,660,918
FUND BALANCES - End of year	\$ 2,186,192	\$ 128,519	\$ 2,314,711

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2021

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Athletics	\$ 5,422	\$ 72,960	\$ 75,891	\$ -	\$ 2,491
Play	10,293	355	567	-	10,081
Musicals	954	637	2,111	520	-
Show choir	185	-	-	-	185
Business operations	-	50	144	94	-
Class of 2020	2,618	-	-	(2,618)	-
Class of 2021	6,239	-	1,144	-	5,095
Class of 2022	415	4,524	3,691	872	2,120
Class of 2023	-	-	300	873	573
Class of 2024	-	-	-	873	873
FFA	21,592	37,204	29,724	(1,313)	27,759
FCCLA	157	131	142	-	146
HS marching band	2,238	8,534	9,721	-	1,051
Interest	800	-	-	-	800
Flag/drill team	396	1,861	1,061	-	1,196
Science fair	275	-	-	-	275
HS student council	219	-	918	699	-
MS student council	8,827	-	-	-	8,827
HS yearbook	6,886	3,657	618	-	9,925
MS yearbook	1,536	398	-	-	1,934
TAG robotics	905	-	-	-	905
Total	\$ <u>69,957</u>	\$ <u>130,311</u>	\$ <u>126,032</u>	\$ <u>-</u>	\$ <u>74,236</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Local sources:				
Local tax	\$ 7,340,822	\$ 6,582,522	\$ 6,245,172	\$ 5,960,612
Tuition	145,266	177,254	251,415	179,110
Other	397,884	416,005	450,471	340,025
State sources	7,088,961	7,152,900	6,568,465	6,354,545
Federal sources	844,252	440,189	523,668	441,109
Total	\$ <u>15,817,185</u>	\$ <u>14,768,870</u>	\$ <u>14,039,191</u>	\$ <u>13,275,401</u>
Expenditures:				
Instruction:				
Regular	\$ 4,639,688	\$ 4,785,942	\$ 5,613,451	\$ 4,964,785
Special	1,755,112	1,918,583	1,685,231	1,645,255
Other	1,308,589	1,173,723	397,574	650,286
Support services:				
Student	174,277	220,391	176,194	150,446
Instructional staff	660,293	365,622	224,295	265,922
Administration	1,048,826	1,217,966	1,125,097	976,504
Operation and maintenance of plant	944,861	985,848	1,010,943	1,029,846
Transportation	515,078	518,981	537,000	501,976
Other expenditures:				
Facilities acquisition	447,167	294,132	85,837	12,752
Long-term debt:				
Principal	9,326,000	1,340,000	1,230,000	1,345,000
Interest and fiscal charges	396,280	296,494	334,244	367,037
Bond issue costs, net				
AEA flow-through	434,639	427,349	393,766	381,970
Total	\$ <u>21,650,810</u>	\$ <u>13,545,031</u>	\$ <u>12,813,632</u>	\$ <u>12,291,779</u>

SCHEDULE 6

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	5,957,032	\$ 5,862,709	\$ 5,751,024	\$ 5,774,800	\$ 6,877,117	\$ 6,995,815
	236,697	198,343	174,731	159,264	108,151	94,128
	317,783	346,658	323,794	808,285	263,204	232,457
	6,387,443	6,119,214	5,926,212	5,613,208	4,704,896	4,700,812
	<u>384,695</u>	<u>395,278</u>	<u>332,449</u>	<u>298,212</u>	<u>996,786</u>	<u>855,804</u>
\$	<u>13,283,650</u>	\$ <u>12,922,202</u>	\$ <u>12,508,210</u>	\$ <u>12,653,769</u>	\$ <u>12,950,154</u>	\$ <u>12,879,016</u>
\$	5,014,003	\$ 5,094,097	\$ 4,873,801	\$ 4,601,188	\$ 4,800,127	\$ 4,235,414
	1,565,054	1,450,586	1,435,331	1,160,835	981,340	1,305,256
	650,549	651,993	615,549	691,733	589,035	1,147,608
	142,690	141,022	144,378	134,810	135,069	118,409
	212,585	331,344	291,038	288,512	202,588	196,411
	953,550	939,258	915,151	931,327	883,797	863,725
	1,042,533	1,058,835	1,010,363	911,947	971,133	1,006,313
	575,972	564,988	544,540	636,408	589,444	664,195
	148,830	661,901	131,862	2,270,587	4,746,111	1,173,549
	1,865,000	3,170,000	880,000	636,734	1,853,961	1,010,575
	430,229	761,388	750,290	818,537	816,163	750,960
	-	44,450	-	-	-	-
	<u>375,621</u>	<u>382,030</u>	<u>369,962</u>	<u>358,567</u>	<u>349,159</u>	<u>347,122</u>
\$	<u>12,976,616</u>	\$ <u>15,251,892</u>	\$ <u>11,962,265</u>	\$ <u>13,441,185</u>	\$ <u>16,917,927</u>	\$ <u>12,819,537</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE 7

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

GRANTOR/PROGRAM:	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>INDIRECT:</u>			
U.S. Department of Agriculture:			
Iowa State University:			
Child Nutrition Cluster:			
National school lunch program	10.555	FY21	\$ 440,744 *
			<u>440,744</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I grants to local educational agencies	84.010	FY21	<u>124,929</u>
Title IV student support and academic enrichment program	84.424	FY21	<u>12,742</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
COVID-19 governor's emergency education relief (GEER) fund	84.425C	FY21	<u>39,200</u>
COVID-19 elementary and secondary school relief (ESSER) funds	84.425D	FY21	<u>350,841</u>
Career and technical education - basic grants to states	84.048	FY21	<u>16,514</u>
Supporting effective instruction state grant	84.367	FY21	<u>21,141</u>
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	FY21	<u>43,058</u>
Total			\$ <u>1,049,169</u>

* - Includes \$30,862 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of West Central Valley Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of West Central Valley Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of West Central Valley Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - West Central Valley Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
West Central Valley Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise West Central Valley Community School District's basic financial statements and have issued our report thereon dated November 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Central Valley Community School District's internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Valley Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as items II-A-21 and II-B-21 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings, and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Valley Community School District's Response to Findings

West Central Valley Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. West Central Valley Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Central Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
November 2, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of
West Central Valley Community School District:

Report on Compliance for Each Major Federal Program

We have audited West Central Valley Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (*OMB*) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. West Central Valley Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Central Valley Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Central Valley Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of West Central Valley Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Central Valley Community School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

The management of West Central Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the West Central Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Central Valley Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & CO., P.C.

Ottumwa, Iowa
November 2, 2021

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516 (a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) West Central Valley Community School District did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition – Incompatible duties are being performed by the same person. We also specifically noted the Student Activity Fund and School Nutrition Fund bank reconciliations are not being reviewed.

Cause – The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors, or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain maximum internal control possible under the circumstances. All bank reconciliations should be reviewed by someone independent of the preparation.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (Continued)

Response – We will review procedures and will implement additional controls where possible.

Conclusion – Response accepted.

II-B-21 Financial Statement Preparation

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – The District does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles.

Cause – As is inherent in many entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully prepare financial statements and related disclosures.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's general ledger were necessary.

Recommendation – The District should obtain additional knowledge through reading relevant accounting literature and attending local professional education courses.

Response – We will consider obtaining additional knowledge where practical and cost effective. However, we intend to continue to rely on assistance from our audit firm to draft the financial statements.

Conclusion – Response accepted.

PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-A-21 Certified Budget – Expenditures for the year ended June 30, 2021 exceeded the certified budget amounts in the other expenditure function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- IV-B-21 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-21 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-21 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-21 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-G-21 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-21 Certified Enrollment – We noted a variance in the certified enrollment data certified to the Iowa Department of Education. The certified enrollment was overstated by 0.10 for the October, 2019 count.
- Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response – The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion – Response accepted.
- IV-I-21 Supplementary Weighting – We noted no variances in the District's supplementary weighting certified to the Iowa Department of Education.
- IV-J-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-K-21 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education, and we noted no significant differences in amounts reported.
- IV-L-21 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- IV-M-21 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	2,542,194
Revenues/transfer in:			
Sales tax revenues	\$	952,232	
Other local revenues		<u>640</u>	952,872
Expenditures/transfers out:			
Administration		2,425	
Facilities acquisition		352,167	
Transfers to other funds		<u>954,282</u>	<u>1,308,874</u>
Ending balance		\$	<u>2,186,192</u>

For the year ended June 30, 2021, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

- IV-N-21 Deficit Net Position – The District reported a \$10,749 deficit net position in the School Nutrition Fund as of June 30, 2021.

Recommendation – The District should continue to monitor this fund and investigate alternatives to eliminate this deficit.

Response – The deficit is due to recording the net pension liability and pension-related deferred outflows and inflows of resources. We will continue to monitor this fund and are working on ways to eliminate this deficit.

Conclusion – Response accepted.